



GARY R. HERBERT
Governor

GREG BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Representatives Present During the Inspection:

Company Vicky Miller

OGM Steve Demczak

Inspection Report

Permit Number:	C0070039
Inspection Type:	COMPLETE
Inspection Date:	Thursday, May 26, 2011
Start Date/Time:	5/26/2011 10:00:00 AM
End Date/Time:	5/26/2011 3:00:00 PM
Last Inspection:	Thursday, April 14, 2011

Inspector: Steve Demczak

Weather: Windy, Cloudy, 50's

InspectionID Report Number: 2763

Accepted by: jhelfric

6/1/2011

Permitee: **CANYON FUEL COMPANY**

Operator: **CANYON FUEL COMPANY**

Site: **DUGOUT CANYON MINE**

Address: **PO BOX 1029, WELLINGTON UT 84542**

County: **CARBON**

Permit Type: **PERMANENT COAL PROGRAM**

Permit Status: **ACTIVE**

Current Acreages

9,751.00	Total Permitted
108.70	Total Disturbed
	Phase I
	Phase II
	Phase III

Mineral Ownership

- ☒ Federal
- ☒ State
- ☐ County
- ☒ Fee
- ☐ Other

Types of Operations

- ☒ Underground
- ☐ Surface
- ☐ Loadout
- ☐ Processing
- ☐ Reprocessing

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

There are no pending compliance actions for the Dugout Canyon Mine permit area.

The Permittee is current relative to the required electronic quarterly water monitoring submittals for 2011.

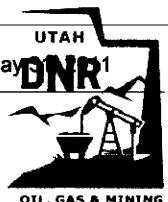
Inspector's Signature:

Steve Demczak
Steve Demczak,

Inspector ID Number: 39

Date

Tuesday, May 24, 2011



Note: This inspection report does not constitute an endorsement or approval by the Division of Oil, Gas and Mining. The permittee is responsible for ensuring compliance with the regulatory program of the Division of Oil, Gas and Mining. telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • www.ogm.utah.gov

Permit Number: C0070039
 Inspection Type: COMPLETE
 Inspection Date: Thursday, May 26, 2011

Inspection Continuation Sheet

Page 2 of 4

REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENTS

1. Substantiate the elements on this inspection by checking the appropriate performance standard.
 - a. For COMPLETE inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check Not Applicable.
 - b. For PARTIAL inspections check only the elements evaluated.
2. Document any noncompliance situation by reference the NOV issued at the appropriate performance standard listed below.
3. Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
4. Provide a brief status report for all pending enforcement actions, permit conditions, Divison Orders, and amendments.

	Evaluated	Not Applicable	Comment	Enforcement
1. Permits, Change, Transfer, Renewal, Sale	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Signs and Markers	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.c Hydrologic Balance: Other Sediment Control Measures	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.d Hydrologic Balance: Water Monitoring	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.e Hydrologic Balance: Effluent Limitations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Explosives	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. Protection of Fish, Wildlife and Related Environmental Issues	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Slides and Other Damage	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Subsidence Control	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
17. Other Transportation Facilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Support Facilities, Utility Installations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
19. AVS Check	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
21. Bonding and Insurance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
22. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1. Permits, Change, Transfer, Renewal, Sale

DOGM Permit will expire on March 17, 2013. Air Quality permit number is DAQUE-AN0116340009-07. UPDES permit number is UT0025593 and expire on Nov. 30, 2014. The SPCC Plan was reviewed on March 14, 2008.

2. Signs and Markers

The permit sign is located at the gate to the property. Information meets the minimum requirements of the R645 Coal Rules.

3. Topsoil

There was no signs of wind or water erosion to the topsoil piles.

4.a Hydrologic Balance: Diversions

Diversions were functioning as designed. Culverts were opened.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

The sediment ponds were inspected on April 26, 2011. No hazardous conditions were reported. I did not see any hazardous conditions inspecting the ponds during the inspection. The mine site sediment pond is nearly at water discharge level.

4.d Hydrologic Balance: Water Monitoring

Water Monitoring for third quarter has been submitted to the Division for review. This information will be reviewed by the Staff in Salt Lake.

7. Coal Mine Waste, Refuse Piles, Impoundments

The refuse pile was inspected on March 29, 2011 with no hazardous conditions reported. I inspected the refuse piles and did not see any hazardous conditions.

8. Noncoal Waste

The mine site was clear of non-coal waste materials.

10. Slides and Other Damage

No slides or other damage was noticed during the inspection.

14. Subsidence Control

Subsidence information was in the annual report.

16.b Roads: Drainage Controls

Diversions were opened and functioning as designed.

Permit Number: C0070039
Inspection Type: COMPLETE
Inspection Date: Thursday, May 26, 2011

Inspection Continuation Sheet

Page 4 of 4

18. Support Facilities, Utility Installations

No new support facilities were constructed since the last inspection.

20. Air Quality Permit

Permit is DAQE-AN116340009-07

21. Bonding and Insurance

The insurance policy will expire on July 31, 2011. The accord form was reviewed and meets the requirements of the R645 Coal Rules. The bonding amount is \$3,550,000. The Reclamation Agreement was inspected and is signed by the Division. The total disturb area is 104.70 acres.